

EXHIBIT A

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO

Civil Action No. _____

JACK BARRECA,
a Colorado resident,

Plaintiff,

v.

SOUTH BEACH BEVERAGE CO., INC.; LOTTE U.S.A.; AND 7 – ELEVEN, INC.,

Defendants.

COMPLAINT WITH JURY DEMAND

Barreca, for his Complaint against Defendants, alleges as follows:

I. **THE PARTIES**

1. Giacomo Jack Barreca is a Colorado resident having an address of 180 Cook Street, Denver, Colorado, 80206 ("Barreca").

2. Upon information and belief, South Beach Beverage Co., Inc. is a corporation in good standing organized and existing under the laws of the State of Delaware, having a place of business at 40 Richards Avenue, Norwalk, CT, 06854 ("SoBe").

3. Upon information and belief, 7-Eleven Corporation is a corporation in good standing and existing under the laws of the State of Texas, having a place of business at 2711 North Haskell Avenue, Dallas, TX, 75204-2906 ("7-Eleven").

4. Upon information and belief, Lotte U.S.A. is a corporation in good standing organized and existing under the laws of Michigan, having a place of business at 5243 Wayne Road, BattleCreek Michigan, 49015 ("Lotte U.S.A.").

II. JURISDICTION AND VENUE

5. The present action is for patent infringement under 35 U.S.C. § 271.

6. The Court has subject matter jurisdiction over the asserted infringement claim under 28 U.S.C. § 1331 and § 1338.

7. This Court has subject matter jurisdiction over all claims raised in this action pursuant to 28 U.S.C. §§ 1331, 1332 (as the amount in controversy exceeds \$75,000).

8. Venue is proper in this district pursuant to 28 U.S.C. §§ 1391 and 1400(b).

9. Defendants SoBe, Lotte U.S.A. and 7-Eleven (collectively referred to herein as "Defendants") are subject to personal jurisdiction in this judicial district, as they conduct business within the district and have and continue to sell product within the district, including center-filled gum products that infringe asserted issued patent claims in this litigation.

10. SoBe is the maker of herbally enhanced refreshment beverages marketed under the SoBe brand name. SoBe, the leader in "Healthy Refreshment" beverages, introduced its new liquid infused gum in flavors that are a translation of SoBe beverages, providing the same functional benefits. SoBe is a separate operating unit of Pepsi-Cola North America.

11. 7-Eleven, Inc. (NYSE: SE) is the premier name and largest chain in the convenience retailing industry and is observing its 75th anniversary in 2002.

Headquartered in Dallas, Texas, 7-Eleven, Inc. operates or franchises approximately 5,800 7-Eleven® stores in the United States and Canada and licenses approximately 17,000 7-Eleven stores in 17 other countries and territories throughout the world. During 2001, 7-Eleven stores worldwide generated total sales of more than \$31 billion.

12. SoBe Gum is produced by Lotte U.S.A., Inc. in Battle Creek, Michigan. Lotte U.S.A. is a leading confectionary company in the United States and also manufactures gum for distribution in many other countries.

III. GENERAL ALLEGATIONS

A. Barreca's Center-Filled Gum

13. Barreca is engaged in the business of, among other things, developing functional gums and other consumable products. A copy of the Barreca's U.S. Patent entitled Center-Filled Supplement Gum is attached as Exhibit A and is incorporated herein by reference. Barreca is also the sole named inventor of U.S. Patent No. 5,630,778 entitled "Abdominal Exercise Apparatus and Method." Barreca has been involved in the health and fitness industry for decades.

14. SoBe's herbal infused center-filled gum products are sold to retail distributors, which resell the product to the consuming public.

15. Published reports indicate that such gum products have been very successful and are assumed to have generated gross profits on products sold of approximately \$0.10 per piece of gum sold.

16. There were no other herbal infused center-filled gums being sold in the United States when Defendants first introduced the SoBe herbal infused center-fill gum products.

17. One or more claims of U.S. Patent No. 6,491,540 ("the '540 patent,") encompass the center-filled gum products made and/or sold and/or by the Defendants.

B. The '540 Patent

18. The '540 patent is entitled "Center-Filled Supplement Gum," issued December 10, 2002 and names Jack Barreca as the sole inventor (Exhibit A).

19. The inventions disclosed in the '540 patent were originally set forth in Provisional Patent Application No. 60/154,972, filed September 20, 1999 and a regular patent application filed September 19, 2000, U.S. application No. 09/664,630.

20. Claim 22 of the '540 patent reads as follows:

A chewing gum consisting essentially of a first substance comprised of gum configured so as to have at least one cavity capable of retaining a liquid or semi-liquid substance, said liquid or semi-liquid substance having an active ingredient consisting essentially of guarana, ginseng and metabolic enhancers that increases a user's metabolism in order to achieve a higher caloric burn rate, in an amount of at least about .05 mg and up to 5 grams.

21. The SoBe Energy gum has a cavity that retains a liquid or semi-liquid substance.

22. The SoBe Energy gum has active ingredients including guarana, ginseng and a metabolic enhancer that increases a user's metabolism in order to achieve a higher caloric burn rate.

23. The amount of active ingredients in the SoBe Energy gum is at least about .05 mg and less than 5 grams.

24. Taurine is a metabolic enhancer that increases a user's metabolism in order to achieve a higher caloric burn rate.

IV. Background of Communications between Barreca and Defendants

25. Mr. Barreca first contacted representatives at Lotte U.S.A. in October and November, 1999 to discuss Lotte U.S.A.'s potential interest in manufacturing a center-filled gum having various active ingredients therein.

26. In February and March, 2000, communications were made between Barreca and Lotte U.S.A. representatives discussing the production of center-filled gums.

27. On May 10, 2000, Barreca's counsel sent a letter to the CFO at Lotte U.S.A. with an accompanying Non-Disclosure agreement to facilitate discussions between Lotte U.S.A. and Barreca concerning Barreca's technology.

28. On May 16, 2000, Barreca received a letter from Lotte U.S.A. confirming a new product-planning meeting for May 30, 2000 in Chicago. A copy of this letter is attached hereto as Exhibit B.

29. On or about May 30, 2000, Barreca traveled to Chicago and met with Lotte U.S.A. management to discuss the manufacturing of center-filled gums having various active ingredients, referred to by Barreca as a "functional gum."

30. Barreca met with Lotte U.S.A. management again on June 21, 2000 to discuss the manufacture of a center-filled gum containing herbal-based substances, such as those disclosed in Barreca's then pending patent application. Dr. Robert Yang, a technical consultant of Barreca's, and a renowned expert in the gum technology, was to work with Lotte U.S.A. representatives to finalize formulas and to produce sample products. Notes from such meeting indicate that Mr. Barreca's pending patent was discussed and that the parties were discussing the manufacturing of center-filled gums having herbal ingredients therein. A copy of notes prepared by Lotte U.S.A. concerning the June 21, 2000 meeting is attached hereto as Exhibit C.

31. Sample formulations for use in the center-filled gums were sent to Lotte U.S.A. some time prior to July 10, 2000. A copy of a letter from Lotte U.S.A. to a company (i.e. Nutratech, Inc.) working with Barreca to provide active ingredients for a center-filled gum is attached hereto as Exhibit D. In such letter, Lotte U.S.A. raised certain concerns about FDA regulations and whether Lotte U.S.A. would be able to use such ingredients in Lotte U.S.A.'s factory.

32. During the remainder of 2000, as evidenced by phone records of Barreca, Barreca engaged in multiple product development conversations with Lotte U.S.A.

regarding herbal center-filled gums and product brand extensions related to the beverage industry that markets and sells herbal additives in beverage (e.g., Starbucks, SoBe Beverages).

33. In March, 2001, Barreca sent to Lotte U.S.A. a certified check for the amount of \$10,000 to cover anticipated expenses that would be involved in producing sample center-filled gum products incorporating Barreca's proprietary formulas. A copy of the certified check sent to Lotte U.S.A. is attached hereto as Exhibit E.

34. Barreca and Lotte U.S.A. proceeded in negotiating terms and conditions of a Product Supply Agreement and drafts of proposed agreements were exchanged between the parties.

35. In April, 2001, in response to various concerns raised by Lotte U.S.A., Barreca retained the lawfirm of Patton & Boggs to assist him with respect to certain governmental regulations, including labeling laws and GRAS panel reviews for certain center-filled gums to be manufactured by Lotte U.S.A.

V. SoBe Contacts with Barreca Concerning Functional Gums

36. In February/March, 2001, Barreca contacted individuals at SoBe to gauge their interest in having a line of center-filled gum products manufactured corresponding to SoBe's popular health drinks.

37. SoBe showed considerable interest and reviewed Barreca's pending application:

38. Barreca informed SoBe that he was already working with Lotte U.S.A. on herbal center-filled gums.

39. In early May, 2001, Barreca had Dr. Yang make various formulations directed to center-filled gums that correlated with certain beverages sold by SoBe,

namely formulations for the Tsunami, Energy and LizBliz health drinks marketed by SoBe.

40. On May 5, 2001, Barreca met with SoBe representatives at the FMI Tradeshow in Chicago and permitted them to taste the three formulations he had prepared.

41. The parties continued discussing how best to proceed to have SoBe center-filled gums produced for the market place.

42. On May 24, 2001, SoBe sent a letter to Barreca, thanking him for his interest in pursuing SoBe as a partner in the development of his "functional gums". SoBe, however, informed Barreca that Lotte U.S.A. allegedly first approached SoBe "with this idea" and that SoBe felt compelled to honor its verbal agreement to develop such product with Lotte U.S.A. SoBe acknowledged that there may be technology issues still lingering between Barreca and Lotte U.S.A. but that SoBe wished to move forward with Lotte U.S.A. with the hope that Barreca would be involved in some way with Lotte U.S.A. SoBe indicated that it would refrain from forming any arrangements with Barreca until the relationship between Barreca and Lotte U.S.A. "had been settled." A copy of the May 24, 2001 letter from SoBe is attached hereto as Exhibit F.

43. On May 25, 2001, Barreca's representative, Mr. Mark Amuso, sent a communication to SoBe acknowledging that SoBe would like to avoid any conflict and expressing a desire to achieve a constructive working relationship that would be profitable and fulfilling for everyone. SoBe was informed that Barreca would be willing to provide a license under Barreca's patent to enable the expansion of SoBe's product line. SoBe was also informed that Barreca continued to work with Lotte U.S.A. to create a long-term relationship, complete with the opportunity to obtain formulations and patent licenses. A copy of the May 25, 2001 communication is attached hereto as Exhibit G.

44. On May 29, 2001, Barreca's representative, Mr. Amuso, sent a letter to Lotte U.S.A. with a copy of a memorandum he had received from SoBe, as well as the responsive letter to such memorandum. Lotte U.S.A. was offered an opportunity to enter into a business agreement that would include a license to manufacture herbal center-filled products under Barreca's pending patent to facilitate the production of SoBe center-filled gums. Mr. Amuso also offered to provide Lotte U.S.A. with the SoBe flavor formulations for incorporation into the SoBe gums. A copy of the May 29, 2001 correspondence is attached hereto as Exhibit H.

45. By facsimile dated June 25, 2001, Barreca's representative, Mr. Amuso, sent to Lotte U.S.A. a confirmation of agreed upon production schedules for 20 hand made sample pieces of center-filled gum, explaining that two 500 pound batches of premixed formulations would be received by Lotte U.S.A. in late June, 2001, and that a large test batch would be completed thereafter. A copy of such facsimile is attached hereto as Exhibit I.

46. On or about July 9, 2001, Lotte U.S.A. e-mailed to Mr. Amuso a Product Supply Agreement deemed acceptable to Lotte U.S.A.

47. On or about July 30, 2001, Lotte U.S.A. representatives wrote to Dr. Yang, Barreca's expert technical gum consultant. Dr. Yang was informed that he was not permitted to visit Lotte U.S.A.'s facility but that Lotte U.S.A. required Dr. Yang to inform Lotte U.S.A.'s gum technicians of how to make the center-filled gums using the premixed proprietary formulations supplied by Barreca. A copy of such letter is attached hereto as Exhibit J.

48. On July 31, 2001, Dr. Yang responded to such request, and provided instructions on how to adjust mixing and extrusion temperatures, center-fill volumes, viscosities, etc., to achieve a successful production run. A copy of such letter is attached hereto as Exhibit K.

49. On August 30, 2001, Barreca sent a letter to Lotte U.S.A. expressing his deep concerns with respect to Lotte U.S.A.'s delay in producing Barreca's functional gums. Barreca expressed fears that Lotte U.S.A. may have been attempting to learn of Barreca's trade secrets for use with potential future customers, including SoBe. A copy of such letter is attached hereto as Exhibit L.

50. Despite the fact that Lotte U.S.A. had earlier sent to Barreca a version of acceptable terms and conditions for the Product Supply Agreement, Lotte U.S.A. refused to sign or honor such agreement. In exchange for not pursuing an alleged breach of contract claim, Barreca and Lotte U.S.A. later entered into an agreement (entered into in November 2001) whereby Lotte U.S.A. produced for Barreca a quantity of particular center-filled gum containing Barreca's herbal proprietary formulation. Under such agreement, however, no rights under Barreca's pending or issued patents were ever conveyed to Lotte U.S.A.

51. In August, 2002, press releases of 7-Eleven and SoBe announced the launch of the SoBe herbal infused center-filled gums.

According to such press releases:

- The "team" of 7-Eleven, Lotte U.S.A. and SoBe began work on a SoBe herbal infused center-filled gum in November, 2000;
- 7-Eleven, SoBe and Lotte U.S.A., Inc. developed the new energy gum;
- 7-Eleven, SoBe and Lotte U.S.A., Inc. took more than a year in coming up with a center-filled gum formula;
- SoBe Gum is one of the most significant gum products sold in 7- Eleven stores in more than five years.

- During its first two weeks on the market, SoBe Energy Gum and SoBe Power Gum were two of the top five sellers in the gum category.

- As part of the team merchandising agreement between Defendants, 7-Eleven received product exclusivity through the summer at up to 5,300 participating U.S. stores.

- The SoBe liquid infused gums are the first licensed products for the SoBe brand.

- SoBe Energy Gum has guarana, ginseng and taurine elements in it.

- SoBe's director of public relations has stated that "We wanted to enter a market where we could be a pioneer and nobody had a gum with herbs and vitamins."

VI. Barreca's Letters to Counsel for SoBe, Lotte U.S.A. and 7-Eleven

52. On August 28, 2002, Barreca's counsel wrote to legal counsel for Lotte U.S.A. and SoBe's in-house counsel, inviting the parties to Denver to determine if an amicable resolution of disputes arising between the parties could be achieved. Both counsel were informed of Barreca's allowed patent claims that encompassed the SoBe Energy center-filled gum. A copy of such letter is attached hereto as Exhibit M.

53. On September 6, 2002, Barreca's counsel wrote to in-house counsel for 7-Eleven to confirm a prior telephone call, to provide background material with respect to Barreca's intellectual property rights in center-filled gum products, and to invite 7-Eleven to Denver to seek an amicable resolution of disputes. A copy of such letter is attached hereto as Exhibit N.

54. On September 26, 2002, Barreca's counsel provided Lotte U.S.A.'s counsel with confidential patent prosecution file history material to facilitate a review of Barreca's allowed claims and related patent prosecution.

55. On October 2, 2002, Barreca's counsel sent a letter to SoBe's in-house counsel to inform him that the failure to return numerous phone messages and to respond to prior written correspondence was taken to mean that SoBe had no interest in seeking an amicable resolution of disputes. A copy of such letter is attached hereto as Exhibit O.

56. On October 9, 2002, Barreca's counsel wrote a letter to Lotte U.S.A.'s counsel (and copied it to counsel for 7-Eleven and SoBe) to address questions raised with respect to whether the SoBe gum actually infringed any of the allowed claims of Barreca's patent application. Lotte U.S.A. contended that the SoBe gum did not possess any active ingredients in its center-fill component and that what active ingredients were present resided solely in the gum base. Barreca repeated his offer to meet with the parties to attempt an amicable resolution of issues. A copy of such letter is attached hereto as Exhibit P.

57. On October 24, 2002, counsel for Lotte U.S.A. sent a letter to Barreca's counsel and alleged that SoBe's Energy gum did not possess any guarana in its center-fill material. Lotte U.S.A.'s counsel also argued that certain prior art patents would render Barreca's patent claims invalid as being allegedly obvious. A copy of such letter is attached hereto as Exhibit Q.

58. On October 29, 2002, Barreca's counsel wrote to Lotte U.S.A.'s counsel (copying counsel for the other Defendants) and explained why none the references earlier provided would invalidate any of Barreca's claims. An offer was made to discuss possible business solutions. A copy of such letter is attached hereto as Exhibit R.

59. By letter of November 8, 2002, and in accordance with Lotte U.S.A.'s counsel's earlier suggestion, Barreca provided a copy of an independent laboratory's

results that evidenced that the SoBe Energy gum contained guarana, contrary to Lotte U.S.A.'s counsel's earlier contentions. Again, a request to enter into a constructive dialogue was set forth. A copy of such letter is attached hereto as Exhibit S.

60. On November 15, 2002, Barreca's counsel responded to a letter from Lotte U.S.A.'s counsel that alleged that several additional publications would allegedly invalidate Barreca's claims. Barreca's counsel explained why such additional references would at best be viewed as cumulative references and that they would certainly not invalidate any of Barreca's claims. Barreca's counsel indicated his client's willingness to mediate any such dispute before an experienced patent attorney to conclusively and knowledgeably decide such issues, and/or to meet with the principals of the parties to discuss an amicable resolution of existing issues. A copy of such letter is attached hereto as Exhibit T.

61. On November 27, 2002, Barreca's counsel again responded to another letter from Lotte U.S.A.'s counsel that included still additional references alleged to invalidate Barreca's claims, notably the 20 year old Japanese patent to Ishikawa, owned by Lotte. Barreca's counsel explained that such reference was also not an invalidating reference to any of Barreca's claims. The fact that such patent is 20 years old and was well known by Lotte U.S.A., and thus that Barreca's claimed gum would allegedly have been "obvious" in view thereof, contrasts sharply with the SoBe and 7- Eleven press releases referring to SoBe's gum as an "innovative" product that was "challenging" to make and that had achieved tremendous success in the marketplace. A copy of the November 27, 2002 letter is attached hereto as Exhibit U.

VII. Defendants' Infringing Conduct

62. In approximately August 2002, Defendants began marketing a center-filled gum under the trademark "SoBe®", sold for a time exclusively through 7-Eleven stores.

63. Lotte U.S.A. is presently producing SoBe center-filled gums that infringe at least one of the claims of the '540 patent.

64. One of Defendants' center-filled gums, sold as the SoBe Energy gum, has as its active ingredients, guarana, ginseng and taurine. Taurine is a metabolic enhancer. Copies of the SoBe Energy gum package is attached hereto as Exhibit V.

VIII. Claim for Relief

65. Barreca incorporates paragraphs 1 through 64 as though fully set forth herein.

66. Defendants have and are continuing to infringe at least one claim of the '540 patent by manufacturing, using, distributing, offering for sale and/or selling, by actively inducing others to use and/or sell and/or by contributing to the use and/or sale of the SoBe gum products, including the SoBe Energy Gum.

67. Defendants were informed of Barreca's pending patent rights prior to the introduction of the SoBe Energy Gum.

68. Defendants have actual notice of the '540 patent and their respective infringement thereof.

69. Upon information and belief, despite actual notice of the '540 patent, Defendants continue to manufacture and/or distribute the SoBe gum products in violation of the claims of the '540 patent. Defendants' infringement of the '540 patent is thus willful.

70. As a result of Defendants' wrongful actions, Barrera has suffered commercial and other compensable harm.

71. Barreca has been and continues to be harmed irreparably by Defendants' actions and has no adequate remedy at law.

72. Defendants' infringement of the '540 patent is willful and in wanton disregard for Barreca's patent rights.

73. Barreca has been damaged by Defendants' infringement of the '540 patent and will suffer additional irreparable injury and impairment of the value of his patent rights unless Defendants are enjoined by the Court.

IX. Prayer for Relief

WHEREFORE, Plaintiff Barreca prays for judgment in his favor and against Defendants as follows:

1. That Defendants, their respective agents, servants, officers, directors, employees, attorneys, privies, representatives, successors and assigns, and parent and subsidiary corporations or other related entities, and any and all persons in concert or participation with any of them, be preliminarily and permanently enjoined from any further manufacture, distribution, sale, offer for sale, importation, or exportation of the infringing SoBe gum products or any colorable imitation thereof;
2. That Barreca be awarded damages in an amount to be determined at trial for all infringing activities, including Barreca' lost profits, but in no event less than a reasonable royalty;
3. That Barreca be awarded treble actual damages and attorney's fees;
4. That Barreca be awarded prejudgment and post judgment interest;
5. That Barreca be awarded costs and expenses of suit, including expert witness fees; and

6. That Barreca be awarded other and further relief as the Court deems appropriate and just.

X. Jury Demand

Barreca demands a jury trial on all issues so triable.

DATED: December 10, 2002.

Respectfully submitted,

By: 

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